

Contact: John Nash

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider recommending to the Board approval of one lease and one amended lease for the benefit of the University of Iowa, subject to approval of the final documents by the Board Office and Attorney General's Office.

Executive Summary: Iowa Code §262.11 requires that certain agreements, leases and easements be approved by the Board of Regents by roll call vote. The new lease is being reviewed by the Attorney General's Office. The amended lease has been reviewed by the Attorney General's Office. Both documents include an indemnification clause.

University of Iowa with the Board as Tenant for the following leases:

229 S. Dubuque LLC

The University of Iowa requests Board approval to enter into a one-year lease with 229 S. Dubuque LLC to occupy a newly constructed apartment building containing 27 two-bedroom apartment units and 20 one-bedroom apartment units in downtown Iowa City. The University will be able to house 116 returning students at this location. No first year students will be housed in this building. It is conveniently located in downtown Iowa City, and within walking distance to undergraduate academic buildings and the Campus Recreation and Wellness Center (see Attachment A).

Given the higher than expected enrollment for August 2016 coupled with the need to raze the Quadrangle Residence Hall this summer to make way for the new College of Pharmacy building, the University does not currently have sufficient space to house students in existing residence halls. This lease will provide a bridge to August 2017 when the new Madison Street Residence Hall will open.

The lease term begins August 1, 2016. The annual rental rate is \$951,036, payable in three installments. This is a one-year lease with no extensions or renewal options. If any student housed in this building decides to stay for a second year, he/she can sign a lease with the Landlord starting June 1st. The monthly rent for June and July will then be deducted from the final lease payment owed by the University to Landlord.

The preliminary budget included as part of the Residence System Governance Report (Agenda Item 9) does not include the revenues and expenses associated with this building. While the University expects no significant net budget impact to the System as a result of this lease, any needed funding for this lease will be provided from the SUI Dormitory bonded enterprise. An updated budget that includes additional revenues and expenses from this property will be presented to the Board along with the other University budgets later this summer.

The proposed academic year rental rates for the facility are \$8,500 for a shared bedroom and \$10,500 for a single bedroom in a 2-bedroom apartment. These rates are comparable to those of the existing leased facilities and will be included in the proposed rate schedule to be presented to the Board at the April 2016 meeting.

The lease includes cable and internet services to each apartment and to the common area study rooms. All other utility costs will be paid by the University directly to the providers. All building maintenance and weekly custodial service to hallways and common areas are also included in the lease and will be provided by the Landlord.

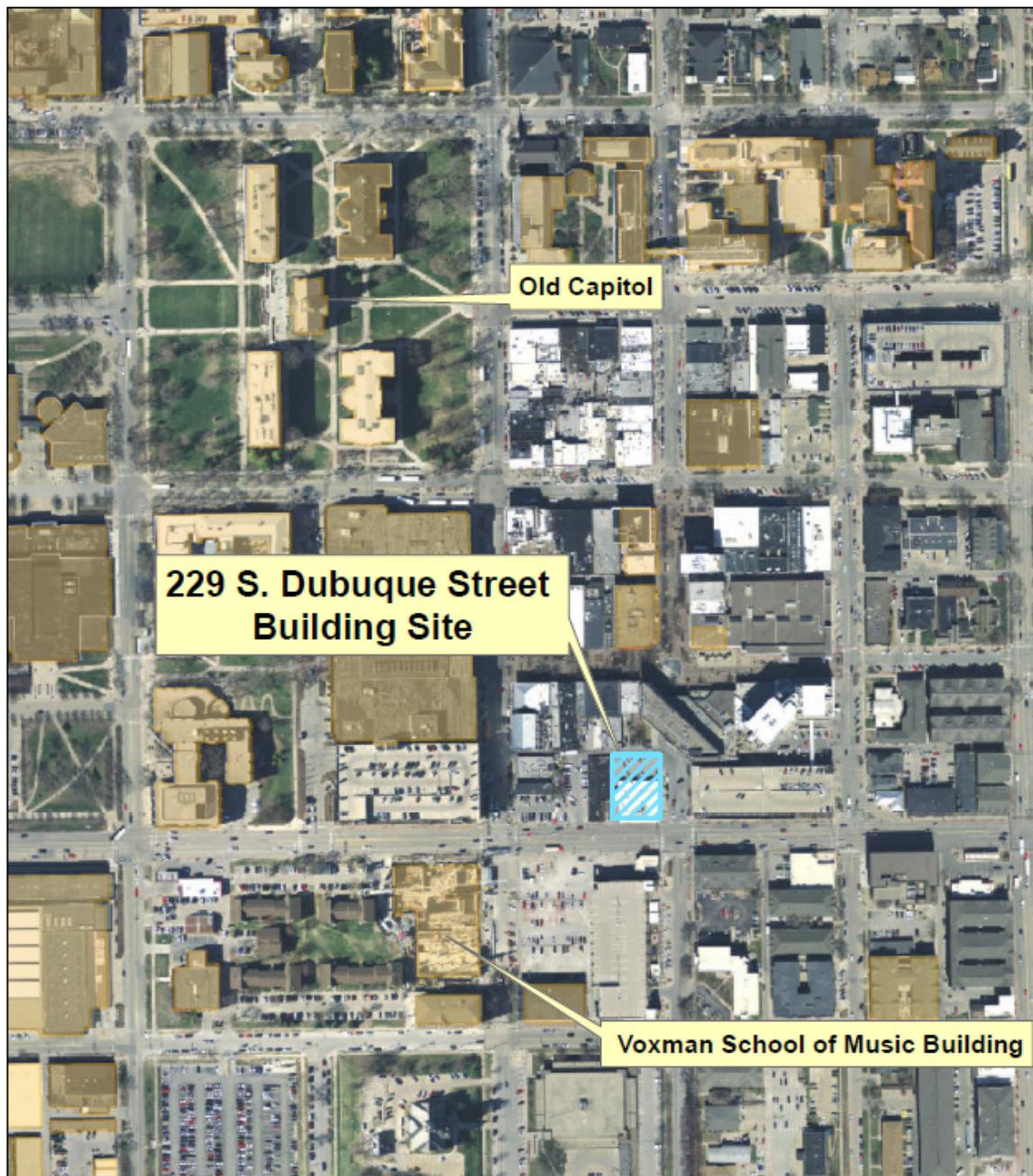
The University will pay an additional \$2,400 per year for two parking spaces (\$100 each per month) for University staff. Per City parking regulations, the parking space to apartment ratio is less than 1:1, so there are not enough parking spaces for every student. If parking spaces are available, students can lease them directly from the Landlord for \$100/month for a minimum of 12 months.

KGRD Green Bay, LLC

The University of Iowa requests Board approval to enter into an amended lease with KGRD Green Bay, LLC to occupy the remaining 56,000 square feet of a 149,000 square foot warehouse (see Attachment B). At its October 2015 meeting, the Board of Regents approved a lease for 84,917 square feet of this facility to be used as a warehouse/storage facility for multiple University users including the main library, law library, bookstore and Department of Performing Arts. The University now seeks to lease the remaining 56,000 square feet for utilization by the Department of Facilities Management.

This additional 56,000 square feet will enable the University to consolidate space it occupies in several warehouses around Iowa City that currently house material/equipment including flood protection pumps, HESCO (flood) barriers, generators, landscaping equipment and building maintenance supplies. The leases at these other warehouses are at a higher cost and will not be renewed as this new facility is occupied.

Since the University will now be leasing the entire building, the lease rate has been reduced to \$3.75 per square foot. (The rate approved at the October meeting for a portion of the building was \$3.95 per square foot.) The lease has no consumer price increase adjustment until the beginning of year four. All other terms of the initial lease remain the same. Subject to Board approval of this amended lease, the previously approved lease from October 2015 will be combined with this amended lease to make one, single lease for the entire building.



Monday, February 15, 2016
Document Name: 20160215_229_Dubuque_Lease



1" = 300'

Location Map:

**229 S. Dubuque Street
Iowa City**

